

E52JBLOS

Sentence

1 UNITED STATES DISTRICT COURT  
2 SOUTHERN DISTRICT OF NEW YORK

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3 UNITED STATES OF AMERICA,

4 v.

13 Cr. 268 JMF

5 MOLLY BLOOM,

6 Defendant.

7 -----x

9 May 2, 2014  
3:00 p.m.

12 Before:

13 HON. JESSE M. FURMAN,

14 District Judge

16 APPEARANCES

18 PREET BHARARA,  
19 United States Attorney for the  
Southern District of New York  
20 JOSHUA NAFTALIS,  
Assistant United States Attorney

21 JAMES WALDEN,  
22 SARAH VACCHIANO,  
Attorneys for defendant Bloom

23 Also Present:  
24 ROBERT HANRATTY, Special Agent FBI

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1 (In open court)

2 (Case called)

3 THE COURT: You may be seated. Good afternoon to you.

4 Welcome. We are here today for the purposes of  
5 sentencing. In preparation for today's proceeding, I have  
6 reviewed the presentence report, dated April 22nd, 2014. I  
7 have also received and reviewed the defendant's submission  
8 filed April 17th, 2014 which included letters addressed to me  
9 from her parents, her brothers and various friends, and the  
10 government's submission that was filed on April 18th, 2014.

11 Are there any additional submissions I should have  
12 received?

13 MR. NAFTALIS: Not from the government, your Honor.

14 MR. WALDEN: Not from the defense, your Honor.

15 THE COURT: All right. Mr. Walden, have you read the  
16 presentence report?

17 MR. WALDEN: I have, your Honor.

18 THE COURT: Have you discussed it with Ms. Bloom?

19 MR. WALDEN: I have, your Honor.

20 THE COURT: Ms. Bloom, have you red the presentence  
21 report?

22 THE DEFENDANT: I have, your Honor.

23 THE COURT: If you wouldn't mind just moving the  
24 microphone in front of you, that would be helpful. Have you  
25 discussed it with Mr. Walden?

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1 THE DEFENDANT: I have.

2 THE COURT: Have you had enough time to go over with  
3 him any mistakes in the report or anything you want to bring to  
4 my attention?

5 THE DEFENDANT: I have had time, your Honor.

6 THE COURT: Have you have enough time?

7 THE DEFENDANT: Enough time, yes.

8 THE COURT: Mr. Naftalis, have you reviewed the  
9 presentence report?

10 MR. NAFTALIS: Yes, your Honor.

11 THE COURT: Putting aside the sentencing guidelines  
12 for a moment, are there any corrections or objections with  
13 respect to the factual accuracy of the report?

14 MR. NAFTALIS: No, your Honor.

15 THE COURT: Mr. Walden?

16 MR. WALDEN: None, your Honor.

17 THE COURT: Hearing no objections, then I will adopt  
18 the factual recitations set forth in the report which will be  
19 made a part of the record in this case and placed under seal.

20 If an appeal is taken, counsel on appeal may have  
21 access to the sealed report without further application to me.  
22 As counsel are aware, I am no longer required to follow the  
23 United States Sentencing Guidelines, but I am required to  
24 consider the guidelines range in imposing sentence and must,  
25 therefore, accurately calculate the guidelines range.

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1           In this case, there was a plea agreement in which the  
2 parties stipulated to a particular calculation of the  
3 sentencing guidelines. Am I correct that the calculation in  
4 the presentence report is in accord with that agreement?

5           MR. NAFTALIS: Yes, your Honor.

6           MR. WALDEN: Yes, your Honor.

7           THE COURT: All right. Mindful of that, I am likely  
8 to adopt the calculations of the presentence report, but I did  
9 just want to press counsel a little bit on the applicability of  
10 the minor role adjustment that is in both the report and the  
11 plea agreement.

12           A minor role reduction is not available simply because  
13 the defendant played a lesser role in the offense than other  
14 participants. It has to be minor as compared to the average  
15 participants in the crime. Here, as I understand it from the  
16 presentence report, Ms. Bloom made upwards of a million dollars  
17 from the rake that was taken even if it was not her idea and  
18 done on only a temporary basis.

19           Now, it is the rare case, I would suggest, that  
20 somebody who derives \$1 million from illegal activity  
21 constitutes or gets a minor role adjustment, but maybe this is  
22 that case. So discuss.

23           MR. NAFTALIS: Your Honor, the government's view is a  
24 minor role applied in part because the rake was not Ms. Bloom's  
25 idea. She had partnered with Eddy Ting in this high stakes

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1 game, and Eddy Ting insisted that the rake applied. Without  
2 conceding that tips alone are not criminal, that is the focus  
3 of the government's case, which is the rake itself, and I think  
4 as your Honor picked up on where most of the money came from,  
5 given the fact she is effectively working for Mr. Ting and at  
6 his direction, was fired and withdrew from running games after  
7 the NYPD and FBI were investigating.

8 In our view, she acted in a lesser role particularly  
9 with respect to the other five poker defendants. That is why  
10 we think the minor role applies.

11 THE COURT: All right. I take it she played a minor  
12 role, in your view, relative to average participants in this  
13 sort of crime and she was essentially operating as an employee  
14 more than organizer or owner, if you will, of the game. Is  
15 that correct?

16 MR. NAFTALIS: Yes, your Honor.

17 The game she was working for, she wasn't necessarily  
18 the promoter of it. She was working for the people who were  
19 the players, and then across the spectrum with respect to the  
20 other organizers in this case, those people were really  
21 promoting their own games, texting people, sending e-mails  
22 saying come to these games. She was working at the behest of  
23 these Wall Street executives. That is our view.

24 THE COURT: Mr. Walden, is there anything you want to  
25 add?

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1 MR. WALDEN: I will address this in more detail in my  
2 comments, but I think as Mr. Naftalis said, the owners and the  
3 operators of this game were the players. I will give examples  
4 during my comments of the kinds of decisions they made, and Ms.  
5 Bloom was clearly an at-will employee ultimately fired from the  
6 game.

7 THE COURT: All right. So based on the parties'  
8 agreement, absence of any objection, the representations of  
9 counsel, and my own independent evaluation of the guidelines; I  
10 do, therefore, accept the guidelines calculation set forth in  
11 the report. So using the November 2013 edition of the  
12 guidelines, I find that the total offense level is 8, the  
13 criminal history category is I, the guidelines range is zero to  
14 six months imprisonment, and the fine range is 1,000 to  
15 \$10,000.00.

16 In the plea agreement both parties agree not to seek a  
17 departure from that range. Is that correct?

18 MR. NAFTALIS: Yes, your Honor.

19 THE COURT: Mr. Walden?

20 MR. WALDEN: Yes, your Honor.

21 THE COURT: I have, nevertheless, considered whether  
22 there is an appropriate basis for a departure, that is, in our  
23 terminology, as distinct from what has come to be known as a  
24 variance, and I do not find any grounds for a departure.

25 All right, Mr. Naftalis, do you wish to be heard with

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1 respect to sentencing?

2 MR. NAFTALIS: Your Honor, very briefly.

3 I think in this, this is one, especially compared to  
4 the last few days, one of the cases where the government agrees  
5 with the defense's view of happened. While we do think it is  
6 serious conduct, we think the defendant was running a high  
7 stakes game where millions of dollars were getting bet. As  
8 your Honor just addressed, she was really not the promoter of  
9 it. In this case, we think she is the least culpable poker  
10 defendant, as that is a term in this case, and certainly among  
11 the least culpable in this case.

12 We're particularly struck by she was acting openly,  
13 and she got a nickname poker princess. She wasn't hiding from  
14 what she was doing, but in our view she has fully accepted  
15 responsibility in our view, which is actually exceptionally in  
16 this case in our view particularly given the other sentences  
17 the poker defendants got.

18 We think a guidelines sentence is appropriate, and  
19 since probation falls within the guidelines sentence, that  
20 would be our recommendation to your Honor.

21 THE COURT: All right. I have two relatively brief  
22 questions for you. One is in Footnote 5 of Ms. Bloom's  
23 sentencing submission, she represents that she had essentially  
24 been tipped off to the existence of I assume this  
25 investigation, at least a federal investigation into the poker

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1 activities and that she disclosed that and shared that  
2 information with the government after her arrest.

3 Is that accurate?

4 MR. NAFTALIS: That is accurate. That was when I was  
5 referring to her withdrawing effectively from what we are going  
6 to call conspiracy, but withdrawing from these games. It was  
7 after it became known that the FBI was looking at this area of  
8 New York City.

9 THE COURT: And she did provide information?

10 MR. NAFTALIS: Yes, she did.

11 THE COURT: Also can you just articulate what the  
12 basis is for the forfeiture figure in the case and in  
13 particular given again the representation in the presentence  
14 report that she made upwards of a million dollars from the  
15 rake, how do you arrive at the \$125,000 figure?

16 MR. NAFTALIS: While the game was being run for people  
17 who were millionaires and billionaires, she also ended up  
18 reimbursing people when they stiffed each other. Honestly,  
19 while she made a million dollars, she reimbursed people, and  
20 then she has also I believe forfeited the profits in another  
21 litigation anyway. So it is a combination of it is a lesser  
22 role. The fact she was fully disclosing what she made on her  
23 tax returns, she apparently wasn't deducting what she paid out  
24 to other people. She is almost too honest on her tax returns,  
25 as we understand from Mr. Walden.



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1 THE COURT: The other litigation is the litigation in  
2 bankruptcy court in California?

3 MR. NAFTALIS: Yes.

4 THE COURT: Mr. Walden, do you wish to be heard.

5 MR. WALDEN: Yes, I do, your Honor.

6 I am not sure I ever agreed with the writer who said  
7 it is better to go wrong in one's own way than to go right in  
8 someone else way. I tend to believe it is best to go right in  
9 your own way. The woman who will stand before you today as a  
10 convicted felon with all of the collateral consequences that  
11 that entails is a woman that did try to go the right way, her  
12 own way, and that doesn't mean she succeeded, your Honor, but  
13 more importantly than her good intentions is the fact that once  
14 she realized that she had made an error and once she realized  
15 the gravity of that error, she did not resort to half-steps.  
16 She did not resort to half-measures. She did not justify her  
17 behavior.

18 She did not engage in the cynical calculus of here is  
19 how much money I'm making, here's how much prestige I have.  
20 What are the chances I'm really going to be apprehended in this  
21 poker game? She didn't do any of that, your Honor. She did  
22 not succumb to the social pressures from her so-called friends  
23 to stay with the poker business. In March of 2011, as the  
24 government told you, she walked away, she walked away for good  
25 and she tried to rebuild her life.

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1           Your Honor, today I would like to divide my comments  
2 into three parts. I first want to talk a bit about Ms. Bloom's  
3 background. I then want to spend a brief amount of time in the  
4 events conduct, and I'd like to provide some information I  
5 think you already know, but a little information to  
6 contextualize your decision as to Ms. Bloom's punishment.

7           When I first introduced my comments with some  
8 statements about Ms. Bloom and her background, your Honor, it  
9 was extremely important to Molly that I say the following words  
10 to you. Molly is ever mindful of the fact that people come  
11 through this courthouse and people have been in this courtroom  
12 and people have been before your Honor that grew up with tragic  
13 circumstances.

14           Molly, despite the fact that she had real adversity  
15 and real difficulty in her life, is not one of those people.  
16 She has two parents that are here in the courtroom. She has  
17 two brothers, two loving brothers, one of whom is here. She  
18 has an extended family, including cousin and grandmother and  
19 many friends that are here to support her in court.

20           So when I tell you about the path she went on that led  
21 this small town, middle-class girl into the world in which she  
22 found herself, I am doing it hopefully to support a simple and  
23 uncontroversial principle. There was a time in these  
24 courthouses when W.S. Griffin's words that the punishment must  
25 fit the crime were all that mattered, and thankfully we live in

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1 a more enlightened time where it is not just the crime, but the  
2 person and the circumstances that matter.

3 It is in some cases more important who the person is  
4 and what the circumstances are. I can only imagine, your  
5 Honor, the difficulty of your job as you, in a case like this,  
6 sentencing person after person after person that you've read a  
7 lot about but you have seen twice in your life, knowing you  
8 take your responsibility seriously and their fate is in your  
9 hands, you must be sitting there wondering who is this person.

10 And so when I give you some comments about Ms. Bloom's  
11 background, it is not by way of excuse. It is by way of  
12 explaining who this young woman is.

13 Molly grew up by anyone's account in the world of  
14 Alpha males. Her father was a commanding figure in her home.  
15 Her two brothers who were younger were overachievers and  
16 impressive people in the extreme. Her family was  
17 understandably extremely proud of all of their accomplishments,  
18 but no matter how the relative affections lie, it is true that  
19 Molly grew up in a circumstance where she never quite found her  
20 place in her family's orbit and where she felt, rightly or  
21 wrongly, as though she could never quite measure up, and that  
22 caused her at times to take steps that her family had  
23 difficulty understanding, and it was a way to deal with I think  
24 what is, having spent so much time with her, clearly her sense  
25 of isolation and not feeling as though she belonged.

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1 Her parents are here in the courtroom. Her brother  
2 Jordan is here in the courtroom, and I think that they can  
3 understand and appreciate how the glow of her brother's  
4 impressive accolades may have left Molly at times feeling as  
5 though she was in the shadows, but Molly herself threw herself,  
6 as we said in our sentencing submission, into her studies, your  
7 Honor, and she was impressive in her own right. She was an  
8 overachiever in her own right. She not only did well  
9 academically, but at a very young age she was a talented skier.

10 At the age of twelve, she dealt with a serious  
11 adversity, your Honor, when she developed scoliosis. Her spine  
12 curved dramatically over a very short period of time, and the  
13 doctors advised her she needed to have full spinal surgery  
14 which in those days were quite rare.

15 The aftereffects, the collateral consequences from  
16 that surgery left Molly as a twelve-year old girl literally in  
17 a hospital on her back for months. The doctors told her when  
18 she emerged from that very long, extended trauma that despite  
19 the fact that all of her hopes for becoming something in the  
20 skiing world were now going to end and she could no longer ski.

21 I say this to your Honor not because I think you  
22 really care whether or not she was a good skier or not, but  
23 because the person you're sentencing here is that same person  
24 who despite old men with gray hair telling her she could never  
25 ski again, despite her parents that were saying don't ski,

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1 decided to do something unique and in a way spectacular.

2 I say that not because skiing is so hard, but because  
3 the intense pain that she had to go through not just through  
4 therapy, but every single time she got on a hill was palpable.  
5 She would spend sleepless night after sleepless night because  
6 she was wrapped in pain. She would cry. She had all of the  
7 endurance needed, but none of it mattered. She was focused as  
8 a laser on doing something and she did it.

9 Not only did she rebuild her skiing career, but she  
10 became nationally competitive so that she made the U.S.  
11 Development Ski Team and placed third at the North American  
12 Tour, but in freestyle skiing, freestyle skiing when she had a  
13 12-inch rod that fused her vertebrae together, it is that I  
14 think is a picture into who this woman is. She wanted to  
15 succeed. It didn't matter how tough she needed to be and how  
16 hard she needed to work, she wanted to succeed.

17 Molly blames no one for the fact that despite the  
18 efforts that she put into her skiing and into the first three  
19 years of her college, despite how well she was doing, for  
20 whatever internal reason she still could not find a place where  
21 she felt like she belonged.

22 I think it is fair to say, your Honor, for many years  
23 the quality of the choices that she made and the terrible  
24 treatment that she endured from other people was in large part  
25 due to the fact that all she was trying to do regardless of

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1 what pain or humiliation she had to endure was to find a way to  
2 succeed, to find some landscape in which she could succeed.

3 So wanting to find a path, Molly moved to California  
4 to look for work and opportunity, and regardless of whatever  
5 your Honor has read, believe me when I say I was not a  
6 glamorous life. Molly was sleeping on a couch, waitressing  
7 tables, running any sort of odd job that she could in order to  
8 find some opportunity, and she found it at a real estate firm,  
9 and she started working there in earnest.

10 At this point, your Honor, she was little more than a  
11 child, 19 years' old, moving out to California, and she felt as  
12 though she was going to find a place where her qualities were  
13 valued and her work was measured and measurable and led to  
14 opportunities, she certainly was mistaken or at least  
15 short-sighted because the small town, middle-class girl was  
16 really entering a world that she never imagined, a world in its  
17 harshest terms was brutally abusive on its best days, was  
18 fawningly treacherous, where at times Molly's back was  
19 literally against the wall with a pack of wolves facing her.

20 Of course, Molly being who Molly is thought I can do  
21 this if I am tough enough, I can beat it. Of course, at some  
22 point being tough enough was all that seemed to matter.

23 I've spent, your Honor, much time talking to Molly  
24 about the choices that she has made and about the path that  
25 started back there in California that led her in a winding way

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1 to New York and then to an illegal poker game in New York. The  
2 sentiment that Molly ultimately comes down to every single time  
3 is I wish I could go back in time to talk to that girl and to  
4 talk some sense into her.

5 As your Honor is aware, one of Molly's bosses decided  
6 as part of her job responsibilities at her real estate firm, it  
7 would be a great idea for Molly to run a poker game, legal  
8 poker game running out of the Viper Room in Los Angeles. For  
9 the next several years Molly spent much of her time split, the  
10 first couple of years spending time between her daily work at  
11 the real estate firm where she rose to office manager and  
12 nighttime work where she was expected to go and work these  
13 poker games, and over time the balance of time shifted from the  
14 real estate firm to the poker world.

15 In the poker world I think the government will agree  
16 with me that Molly spent her time largely running errands for  
17 and catering to very spoiled, very rich, egocentric men who  
18 cared less about the content of Molly's character than her  
19 other attributes, so to speak, and eventually she ran that  
20 game, but it was Molly's desire, because she believed that game  
21 was legal -- and our review of California law helps us conclude  
22 it was a legal game because there was no ring, but it was  
23 Molly's hope to find legitimacy and to find entrepreneurial  
24 success in that environment.

25 To be clear, your Honor, if -- and I know you need to

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1 know who she is as a person to form the basis for sentencing --  
2 if Molly's desire for wealth and fame and recognition ever  
3 outstripped her character in those days, I can assure you, your  
4 Honor, there were plenty of vices that Molly could have  
5 pedaled, plenty of criminal activity around the periphery that  
6 she could have gotten around in and she didn't. She refused.  
7 She was given opportunity after opportunity after opportunity,  
8 and she said no.

9           Moreover, when the players sometimes tried to enlist  
10 staff members in acts that were either illegal or at least  
11 unseemly and rude, lurid, Molly wouldn't let it happen. She  
12 conducted herself in that world with great professionalism. By  
13 all accounts, she was an amazing boss who did not mind pushing  
14 back on bratty players, and she catered to the players' wishes  
15 within very defined ethical limits.

16           But, your Honor, and I was alluding to this in my  
17 earlier remarks, make no mistake about it, despite Molly's  
18 willingness to push back against unfairness at times, the  
19 players were the owners and operators of these games. There is  
20 no question about that. I don't think the government disagrees  
21 with that with respect to the New York game and it certainly  
22 was equally true with respect to the California game.

23           Molly was hired as an at-will employee, and despite  
24 the misimpressions that stir in the media, these were not  
25 Molly's games. The California game had a boss, and that boss



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1 was the leading player. Although I understand I am here  
2 representing someone who is accused of a crime, I don't mind  
3 saying, your Honor, from every account I have heard, this  
4 individual was a terrible person, a pampered celebrity with an  
5 outsized ego and healthy lust for money. He selected sucker  
6 players so he could make more. He charged a tax on the game  
7 for the privilege of using his fan's shuffling machine.

8 He staked other players and took a percentage of their  
9 winnings. He resolved disputes among players and among players  
10 and him by making sure that he came out on top. He had a piece  
11 of a sports betting book on the side and he was also ultimately  
12 responsible for forcing Molly out of the game.

13 So Molly was not in charge. The rule was no different  
14 with respect to the game that Molly joined in New York. The  
15 leading player was the boss of the game. He was the head of a  
16 very profitable and well known hedge fund, and he recruited  
17 Molly, made Molly audition for the job, ultimately hired her on  
18 an at-will basis, told her the dos and don'ts of the game, and  
19 then ultimately when it served his purposes, was responsible  
20 for making sure she was sacked. Molly was not in control of  
21 the game.

22 The point here, your Honor, is Molly, rightly or  
23 wrongly -- certainly there are businesses that are legitimate  
24 and there are businesses that are legitimate but edgy. From  
25 Molly's perspective in this period of time, she is asked to go

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1 to organized charity events, one whom was for Governor  
2 Schwarzenegger. There is the World Series of Poker. There is  
3 an aspect particularly in California of the poker world that is  
4 pure entertainment and it is purely legitimate. From her  
5 perspective, if she couldn't succeed in the real estate  
6 business and couldn't find her way in other places, she wanted  
7 to succeed in these businesses.

8 But the brutal truth of it, your Honor, if we are to  
9 be as candid as possible, is that over the course of time this  
10 business wore on Molly because although she wanted to find  
11 legitimacy and success, at the end of the day in any one of  
12 these circumstances, she ultimately became a throw away  
13 showcase, a very professional and effective one, but a  
14 showpiece nonetheless.

15 She endured it and endured the many humiliations she  
16 had to endure to serve all these people, the way many would  
17 have to because she was hoping for real opportunity, for one of  
18 these very powerful captains of industry to sweep her up and  
19 say you have the skills to come into my business and run our HR  
20 or run our investor relations. She had the realization over  
21 time, particularly when she came to New York, that that was not  
22 happening and that was never going to happen wore on her and  
23 wore her down.

24 Let me conclude my remarks on her as a person, your  
25 Honor, with just two short stories that I think tell you that

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1 no matter what mistakes she made, she remained a fundamentally  
2 good person.

3 THE COURT: That is fine. I don't mean to interrupt  
4 your flow, but keep in mind I have read all of your materials,  
5 including all of the letters submitted on her behalf, and a lot  
6 of what you have said is in there and I am already familiar  
7 with. Mindful of that, you may proceed.

8 MR. WALDEN: I want to be responsive to your -- I  
9 don't think I have very much more to say, but I will try to  
10 wrap up as efficiently as I can.

11 I think that this was covered in very brief detail,  
12 your Honor, but I want to make sure you have the flavor of  
13 this. As we have said in our sentencing submission, there was  
14 a rake imposed. The rake was imposed by Eddy Ting, a natural  
15 law-breaker. Someone who is either a law-breaker or someone  
16 who didn't care about the law would have been unfazed by that  
17 decision. Ms. Bloom became concerned and she actually checked  
18 with an attorney.

19 The reason I mention this, your Honor, is because from  
20 my perspective, it was a missed opportunity because while Ms.  
21 Bloom beats herself up for not having listened to the  
22 attorney's advice, as I hear the words that he said to her,  
23 assuming you agree with the government and us that when she  
24 found out it was a federal issue, she left for good. The  
25 attorney told her don't worry, it is just a misdemeanor. That

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1 was obviously inaccurate and incorrect.

2 I can't help but feel as her lawyer that if she had  
3 been given the correct legal advice back then, we may not be  
4 here. My point is that she did check, your Honor, and I think  
5 that distinguishes her.

6 The second part, your Honor, is once Ting came in and  
7 started inviting unsavory people to the games, Ms. Bloom  
8 started being threatened, and I think the government agrees,  
9 and knows who the individuals were that were threatening her.  
10 She was threatened not once, but several times and she believed  
11 the people that were threatening her were also extorting or  
12 trying to extort the nicer players in the game, and there  
13 certainly were some.

14 Ms. Bloom was offered the opportunity from some of the  
15 people around the game to serve as her protector, and Ms. Bloom  
16 made the decision at that point if she enlisted their services  
17 or agreed to them, that: One, there would likely be escalating  
18 violence; and, two, it would ultimately leave her compromised  
19 to these protectors who might ask her to compromise her core  
20 values. While a weaker person might have tried to find a  
21 solution to use their help, Ms. Bloom did not and faced the  
22 consequences herself because she would have rather been at risk  
23 herself than create a worse situation where she was potentially  
24 putting other people at risk.

25 In terms of the offense conduct, I will be brief

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1 because Mr. Naftalis has already summarized the gravamen of  
2 this offense, but I do want to thank you, your Honor, because  
3 in a real way I think that when the government indicted the  
4 case, they may not have had all of the facts that we were able  
5 to provide to them, and many prosecutors would have had hard  
6 hearts and closed minds, and Mr. Naftalis and Mr. Fischman did  
7 not. They listened to us, and we are very grateful for that,  
8 and not every prosecutor would. The gravamen of Ms. Bloom's  
9 conduct stems not from the California case, not even just from  
10 the New York case, but from her decision to stay with the game  
11 in mid-2009 when Ting imposed the rake.

12 Ting's reason I think he stated in his sentencing  
13 submission was because he felt that the rake was too generous  
14 and left him exposed to the kind of financial risk that Ms.  
15 Bloom was willing to incur and did incur during the time that  
16 she was running the game.

17 We agree with the government when she learned of the  
18 federal investigation in March of 2011, she left even her  
19 attempt to develop any smaller games at all. She left poker  
20 for good, and I think your Honor's aware if this case were  
21 prosecuted in state court, it would be a misdemeanor.

22 There has been much made by other defendants at  
23 sentencing about the timing of their guilty pleas and they were  
24 the first or second to plead out. I think Mr. Naftalis will  
25 remember that although Ms. Bloom was arraigned on the 18th of

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1 April, we actually contacted him on March 8th in order to start  
2 the process for Ms. Bloom to plead guilty. It was a longer  
3 process than I think either of us wanted because of the factual  
4 information that we needed to provide.

5 THE COURT: Much before March?

6 MR. WALDEN: I meant May. I misspoke. May 8th. She  
7 was arraigned here on April 18th.

8 THE COURT: I think 19th.

9 MR. WALDEN: 19th, and on May 8th we contacted the  
10 government for the first time to set up the first substantive  
11 meeting. It was never Ms. Bloom's intention to take this to  
12 trial. It was never Ms. Bloom's intention to put the  
13 government to its proof because at the end of the day there is  
14 a part of Ms. Bloom that was relieved this happened because  
15 when she left in mid-March of 2011, she didn't think she was  
16 running away from her troubles.

17 She felt he was rebuilding her life and she knew  
18 despite the fact initially she was thrust into a legal poker  
19 game, and despite the fact she was trying to rebuild her life  
20 and dealing with her emotional problems constructively, that  
21 this day might come. To her great credit -- and you will hear  
22 this from Ms. Bloom directly -- she doesn't bemoan her  
23 situation, doesn't blame anyone, and after the appearance in  
24 this Court, your Honor, believe me when I say 20-20, ABC News,  
25 everyone wanted her to be interviewed, and she only cared from

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1 that moment until this about two audiences: You and the  
2 government.

3 She did not want to make a bigger circus out of this.  
4 She knew it wasn't true and the government wasn't saying that.  
5 The media said that she was connected to Russian organized  
6 crime. That perspective, those reports, wrong as they are,  
7 will follow her for the rest of her life.

8 THE COURT: Let me interrupt and ask you to address  
9 one thing in that regard because her book, because her book is  
10 not being written for me and I don't think it is being written  
11 for the government, but it is being written to be sold, and  
12 according to the presentence report, she is receiving not a  
13 enormous, but a sizeable advance later this year.

14 Number one, I pondered adjourning this sentencing  
15 until after the book came out so I could actually see what was  
16 in the book. My concern is that the remorse I am hearing and I  
17 am seeing in the letter, letters and the like, I am concerned  
18 whether that will be reflected in the book, and I don't know if  
19 you have seen it or read the manuscript, but I imagine you  
20 have.

21 Second, it belies the claim that the only audiences  
22 she cared about are me and the government and in particular  
23 also suggests to some extent she is seeking to profit from I  
24 think at least in part the notoriety of this case because I  
25 think this case in and of itself has increased her notoriety.

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1           What do you say to that, I would say, in two respects:

2           One, am I going to read anything in that book,  
3           assuming I read it at all, that is inconsistent with what I am  
4           hearing today and read in the sentencing submissions that you  
5           filed;

6           Number two, what bearing, if any, does it have on, for  
7           example, a financial penalty, a fine, because Probation  
8           recommends no fine. You ask for a fine no greater than \$1,000,  
9           but query whether I should impose a fine such that she is not  
10          benefiting quite as much from the notoriety that comes from  
11          this case.

12          MR. WALDEN: So those are all fair questions, your  
13          Honor, and let me address them directly.

14          I think, your Honor, what I say right now I think that  
15          you can verify -- the government probably has -- her intention  
16          to write a memoir about her time in this world, first of all,  
17          your Honor, to be clear is more a precautionary tale than  
18          anything else. Certainly there are details in there that are  
19          interesting, fascinating details, but this is the journey of a  
20          young woman from a small town that was thrown into this strange  
21          and bizarre world.

22          In a very real way, there was a discussion at one of  
23          the sentencings -- I apologize for forgetting which one it  
24          was -- but one of the defense lawyers made a claim that  
25          gambling in general, I don't think poker specifically, but



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1 gambling in general is a victimless crime.

2 Your Honor, I do not think that that is Ms. Bloom's  
3 perspective. I think Ms. Bloom has seen in a very, very real  
4 way the underbelly of what happens in these secret rooms  
5 whether or not the games themselves are lawful or not. I and  
6 the the government will agree during the overwhelming majority  
7 of Ms. Bloom's time, because most of her time was spent in  
8 California, the games were legal. There is a real substantial  
9 question about whether or not the New York game is illegal,  
10 other than the few months --

11 THE COURT: Slow down so he can keep up.

12 MR. WALDEN: So, your Honor:

13 A. Cautionary tale;

14 B. Her drafting of that book predated her arrest in  
15 this case. The truth of the matter is that she is hugely in  
16 debt. She still owes a debt to the government. She owes a  
17 debt to her mother. She could not find -- she is working for  
18 \$19.00 an hour right now in her friend's business to try to  
19 make ends meet so that she has some money to afford any sort of  
20 accommodations.

21 She is staying with a friend of hers. She doesn't  
22 have her own apartment right now. So this is not a person who  
23 is not, again unlike her co-defendants, she is not a person of  
24 entitlement. She is grateful for any opportunity she gets and  
25 she made a decision that despite the fact before she knew this

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1 arrest was coming, and before she, before she knew that there  
2 would be any notoriety from this case, that she was going to do  
3 this as a means to an end and then in this process hopefully  
4 start the family that she has always wanted.

5 The third thing, your Honor, is saying that she is  
6 profiting from the notoriety of this case, I blame myself for  
7 you saying that because I obviously did not convey as clearly  
8 as I should have, should or could how humiliating this was for  
9 her. Other defendants have blamed the government. I don't  
10 blame the government one bit and neither does Ms. Bloom. What  
11 they did was appropriate. It was appropriate for her to  
12 account for what she did.

13 The fact that the rake period was unlimited or wasn't  
14 her idea is not something that she is standing behind saying I  
15 shouldn't be held accountable or it was wrong for the  
16 government to arrest me.

17 She was placed by the larger tabloid press as the  
18 poker princess, not a moniker she is very proud of, not a  
19 moniker she chooses to define herself going forward, and  
20 moreover, of all the defendants in this case, your Honor,  
21 you're very experienced and I think at bottom the worst fact  
22 for her is that the players made her against her will collect  
23 money from the losing players, and it was bad for her and  
24 certainly not a sign of her culpability because she didn't want  
25 to do it, and ultimately she is tagged with a million dollars

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1 from the rake when, in point of fact, she had to go out of  
2 pocket again and again and again during the period of time  
3 leading up to the rake, so that she was deeply in debt for  
4 debts that she had paid on behalf of other players.

5 She reported it because she is a fair person, and even  
6 during the period of time before the rake, your Honor, she  
7 actually started an entertainment company and had the  
8 entertainment company declare every single penny she was  
9 getting from gratuities that there was no record of. The idea  
10 that this case, that she wants to profit from the notoriety of  
11 this case is my failing because whatever notoriety there is  
12 from this case is certainly not channeled in her memoir.

13 In her view, it is an unfortunate step backwards in  
14 her attempt to help other people learn from the odd journey she  
15 has been down that ultimately put her at the precipice of doing  
16 something she never thought she would be doing, which was to  
17 become what she thought was a misdemeanor, and in that process  
18 become a felon.

19 The fact you factor that in, you don't factor that in  
20 at all. I have reviewed not in great detail, but I have  
21 reviewed the initial draft of the manuscript, and I don't think  
22 there is anything I am saying here that is going to be  
23 inconsistent with that. I certainly have my own perspective on  
24 what led Ms. Bloom to this case. I don't remember how much of  
25 that is channeled in the book, the emotional difficulty that

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1 she went through as a child, which I can understand. The rest  
2 of it is true to what you're going to see in the book.

3 THE COURT: Why don't you bring things to a close.

4 MR. WALDEN: Of course, your Honor.

5 Your Honor, the last thing that I want to say is you  
6 obviously understand -- and again I was going to get here --  
7 the case has destroyed whatever reputation she had, which is  
8 fine. That is what it is. Her money is going. She is deeply  
9 in debt, in debt not just for her legal bill, but for all the  
10 bills she had amassed before she came here, and many of her  
11 friends have left her.

12 Your Honor needs to obviously try to place her in some  
13 kind of context. The only defendant that you've sentenced so  
14 far that was only involved in the poker business was William  
15 Barbalat. The government agrees Barbalat was more culpable  
16 than Ms. Bloom. He was involved for a longer period of time  
17 and he made more money. Parenthetically, he was one of the  
18 worst defendants in the case who received a 36-month sentence  
19 in prison. He consistently --

20 THE COURT: 18.

21 MR. WALDEN: I am sorry? I thought it was 36. I  
22 apologize. I don't know why I dealt with it. I am sure Mr.  
23 Azen is glad it is 18 instead of 36.

24 Barbalat also agreed to split the profits of players  
25 that he staked. He tested positive for cocaine and marijuana

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1 while on pretrial release.

2 Ms. Bloom's pretrial supervision has been stellar.  
3 She has a terrific relationship with her pretrial relations  
4 officer and has had no incidents. Mr. Barbalat, despite the  
5 fact he is more culpable and the extenuating circumstances were  
6 worse for him, got two years probation.

7 On the other hand, David Aaron, on the book-making  
8 side, like Molly, was one of the least culpable defendants in  
9 the case, but even in a comparison with him, Molly I think  
10 deserves more leniency. He, like Molly, provided supportive  
11 services to gambling, but Molly was involved in discrete games  
12 that took place a few times each month, whereas Mr. Aaron was  
13 involved in gambling operations on a daily basis.

14 The illegal portion of Molly's conduct only occurred  
15 over the course of a couple of months, whereas Mr. Aaron was  
16 involved for more than two years. Molly's role was to hire  
17 cocktail waitresses, book hotel rooms, cater to players' needs,  
18 and she was not collecting money obviously during the rake  
19 periods, so that was during the other period of time she was  
20 even doing that.

21 Mr. Aaron actually placed thousands of bets himself in  
22 furtherance of a sprawling bookmaking business. Mr. Aaron was  
23 part of a business that, with or without his knowledge, was  
24 involved in pretty serious acts of extortion and intimidation  
25 to collect some of their debts, while Ms. Bloom would have

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1     rather made good on debts on her own or incurred at least the  
2     risk of violence herself rather than getting involved in that  
3     sort of thing.

4             I assume it is for all these reasons that Mr. Aaron  
5     did not receive the benefit of the government's recommendation  
6     of a two-level adjustment for minor role. He got no role  
7     adjustment at all. Aaron terminated his criminal conduct only  
8     two months before the indictment in this case, whereas Ms.  
9     Bloom by everyone's account walked away two years and a month  
10    before she was arrested in the case.

11            Aaron obviously gave no information to the government  
12    that was helpful, whereas Ms. Bloom, as Mr. Naftalis told you,  
13    at least disclosed information about a corrupt informant  
14    helpful to the FBI. If your Honor were to pick anyone to  
15    compare, we believe it would be Aaron on every score. We  
16    believe Ms. Bloom is more deserving of credit. Mr. Aaron got  
17    one year's probation and no fine.

18            I appreciate the court's patience. I am sorry if I  
19    went on too long. We ask you, most respectfully, to use your  
20    substantial discretion to give Ms. Bloom the most lenient  
21    sentence you can under the circumstances.

22            THE COURT: All right. Ms. Bloom, is there anything  
23    you want to say before I impose sentence?

24            THE DEFENDANT: I would, your Honor. I won't go into  
25    great detail how I got into it and what I became because I

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1 think Jim covered that.

2           What I do want to do is just talk about the fact that  
3 I made mistakes, and due to those mistakes, the last couple of  
4 years have been very challenging, but it has also been a great  
5 opportunity for growth and I have learned some really  
6 incredible lessons and I have met really aspiring people like  
7 my attorneys and the government, and people that I think are  
8 really just fighting the good fight and full of integrity, and  
9 that is was very antithetical to the world I was in before.

10           I really just never want to be on the other side of  
11 that, and when the indictment came down, it wasn't a choice to  
12 make, I knew that I had broken the law and I wanted to take  
13 full responsibility for it. I wanted to do so in a timely  
14 fashion and face those consequences.

15           When I walked away in 2011, I really threw myself into  
16 doing the work that I think is necessary to never be in that  
17 situation again and to make a life that has meaning and  
18 substance, and I have worked on mending relationships and kind  
19 of getting back to the true essence of who I am.

20           So in closing, I want to thank my family and friends  
21 for being here. They mean so much. They have never given up  
22 on me and they have just been really just so incredible to have  
23 that kind of support. I want to say sorry for any pain I've  
24 caused, any suffering or embarrassment.

25           I want to thank the government for being fair and

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1 actually inspiring, and I want to apologize to you, your Honor,  
2 for breaking the law and causing any trouble. I really am very  
3 sorry. I just would like the opportunity to continue on a path  
4 that I'm on which I think is rooted in wanting to do the right  
5 thing, and that is all.

6 THE COURT: All right. May I ask you, I assume you're  
7 more familiar with your book than Mr. Walden may be?

8 THE DEFENDANT: Yes.

9 THE COURT: If I were to read your book in a couple of  
10 months, am I going to see anything in it that would trouble me  
11 based on what you just said or the letters and other things  
12 that I have reviewed and received in this case?

13 THE DEFENDANT: I believe my book is absolutely  
14 congruent with the comments I just made and it definitely does  
15 not glorify or glamorize that world and is a bigger-picture  
16 look at just kind of getting lost and going in the wrong way  
17 and coming back to find the things that really matter, which I  
18 am on that path. That is a long-winded answer. I don't think  
19 you would find anything that would be contrary to the comments  
20 I made today.

21 THE COURT: Okay. I am glad that is the case.

22 Is there any reason why sentence should not be imposed  
23 at this time?

24 MR. NAFTALIS: No, your Honor.

25 MR. WALDEN: No, your Honor.



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1           THE COURT: In imposing sentence, I am required to  
2 consider the factors set forth in Title 18, United States Code,  
3 Section 3553 (a). These include:

4           First, the nature and circumstances of the offense and  
5 the history and characteristics of the defendant;

6           Second, the need for the sentence imposed to advance  
7 the purposes of sentencing, including to reflect the  
8 seriousness of the offense, to promote respect for the law and  
9 to provide just punishment for the offense, to afford adequate  
10 deterrence to criminal conduct, to protect the public from  
11 further crimes of the defendant, and to provide the defendant  
12 with needed education or vocational training, medical care or  
13 other correctional treatment in the most effective manner;

14          Third, the kinds of sentences available;

15          Fourth, the guidelines range, which I found to be zero  
16 to six months;

17          Fifth, any pertinent policy statement;

18          Sixth, the need to avoid unwarranted sentencing  
19 disparities among similarly-situated defendants; and

20          Seventh, the need to provide restitution to any  
21 victims of the offense.

22          Ultimately I am required to impose a sentence that is  
23 sufficient but no greater than necessary to comply with the  
24 purposes of sentencing that I mentioned a moment ago. I am not  
25 a big believer of hiding the ball, so I will say at the outset

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1 I certainly think incarceration is far greater than necessary  
2 in this case and totally inappropriate.

3 I am troubled by the fact that Ms. Bloom did what she  
4 did knowing that it violated the law. She may not have  
5 received the best or perfect advice in the sense of being told  
6 that it was only a misdemeanor, but it doesn't change the fact  
7 that she knowingly broke the law, and upon learning there is a  
8 federal investigation is not quite the same as leaving or not  
9 doing it if she knew it was a federal crime. I think there is  
10 a difference between knowing it is a crime and knowing you  
11 might be caught for that crime. It sounds like she certainly  
12 did profit and may well profit from the book as well, from her  
13 involvement in this, though ultimately it doesn't sound like  
14 she profited a whole lot.

15 On the flip side, she obviously merited her minor role  
16 adjustment. That is a reflection of the fact she did  
17 ultimately play a minor role. It may have been a role that the  
18 media finds attractive and interesting, but when push comes to  
19 shove, it was not a particularly substantial one, and certainly  
20 as far as criminal activity goes, not particularly substantial.

21 I think it predated her involvement and post-dated her  
22 involvement. The rake was only of the limited duration and she  
23 didn't initiate, it by all accounts, and from everything I have  
24 read and heard, you know, I think -- well, in any event, I  
25 think this is a more reflection of error in judgment than being

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1 lured by what Ms. Bloom's friend described as the intoxicating  
2 vortex of big money and power, and I think and I hope, and I  
3 hope that if I do read the book, that it is reflected in the  
4 book that Ms. Bloom understands that that intoxicating vortex  
5 ultimately wasn't worth its salt.

6 So, in any event, I also am struck by Ms. Bloom's  
7 acceptance of responsibility and obvious remorse. I think for  
8 all those reasons and others reflected in the letters and  
9 sentencing submission, including as well her providing  
10 information to the government after her arrest, a lenient  
11 sentence here is warranted. So I will now state the sentence I  
12 intend to impose. Ms. Bloom, would you please rise.

13 Ms. Bloom, the court hereby sentences you to one year  
14 of probation, with the special condition of 200 hours of  
15 community service. During your term of probation, you will be  
16 subject to the following mandatory conditions:

17 You shall not commit another federal, state or local  
18 crime, you shall not unlawfully possess a controlled substance,  
19 you shall not possess a firearm or destructive device, you  
20 shall refrain from any unlawful use of a controlled substance,  
21 and you shall submit to one drug test within 15 days of your  
22 release on supervised release and at least two periodic drug  
23 tests thereafter as determined by Probation.

24 You shall cooperate in the collection of DNA as  
25 directed by Probation. In addition, the standard conditions of

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1 probation set forth in Section 5b1.3 (C) of the guidelines  
2 shall apply. You must also meet the following special  
3 conditions:

4 First, you must perform 200 hours of community service  
5 as approved by the probation officer;

6 Second, you shall participate in a drug treatment  
7 program approved by the United States Probation Department,  
8 which program may include testing to determine whether you have  
9 reverted to using drugs or alcohol. I authorize the release of  
10 available drug treatment evaluations and reports to the  
11 substance abuse treatment provider as approved by the Probation  
12 Department.

13 You shall be required to contribute to the costs of  
14 services rendered, that is, to make a co-payment in an amount  
15 determined by Probation based on your ability to pay or the  
16 availability of third-party payment.

17 You shall participate in a mental health program  
18 approved by the Probation Department. You shall continue to  
19 take any prescribed medications unless otherwise instructed by  
20 your health care provider. You shall contribute to the costs  
21 of services rendered not covered by third-party payment if you  
22 have the ability to pay. I authorize the release of available  
23 psychological and psychiatric evaluations and reports to your  
24 health care provider.

25 You shall provide the probation officer with access to

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1 any requested financial information if you have not satisfied  
2 your financial obligations, which I will discuss in a moment.  
3 You shall not incur new credit charges or open additional lines  
4 of credit without the approval of the probation officer unless  
5 you have satisfied your financial obligations.

6 You are to report to the nearest Probation Office  
7 within 72 hours and you shall be supervised in the district of  
8 your residence.

9 Now, I am somewhat torn about the idea of a fine  
10 because I do think, based on what I have read and reviewed in  
11 the presentence report, at present you do not have the ability  
12 to pay a fine. That being said, I think in part because of the  
13 prospect of your book and the advance that you are anticipating  
14 getting in a few months, I am going to impose a fine, albeit  
15 one at the bottom of the range, and require you to pay \$1,000  
16 in a fine which you may pay at any point during your time of  
17 probation, which is to say, you have 12 months in order to pay  
18 that, but I do think a fine is warranted.

19 I am also imposing the mandatory special assessment of  
20 \$100.00, which is due and payable immediately. I also find,  
21 pursuant to the terms of my order entered December 23rd, 2013,  
22 that you are to forfeit to the United States \$125,000, which  
23 represents the proceeds that you obtained directly or  
24 indirectly as a result of or used to facilitate your criminal  
25 activity. That obligation shall be joint and several with

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1 those of your co-defendants.

2 Does either counsel know of any legal reason why this  
3 sentence should not be imposed as stated?

4 MR. NAFTALIS: No, your Honor.

5 MR. WALDEN: No, your Honor.

6 THE COURT: The sentence as stated is imposed.

7 I find that it is sufficient but no greater than  
8 necessary to satisfy the sentencing purposes set forth in  
9 Section 3553 (a), including the need to promote respect for the  
10 law, to provide just punishment for the offense, to afford  
11 adequate deterrence and protect the public from further crimes  
12 of the defendant, which I hope and assume there will be none.

13 Ms. Bloom, you are obviously a person of great talent  
14 and intelligence. I am sorry you didn't finish college, and I  
15 would urge you to consider finishing it now. More to the  
16 point, I hope you learned your lesson from your involvement in  
17 the things that landed you here and that when you leave this  
18 courtroom, you don't even think about going back to that sort  
19 of thing and think about being lured in by the intoxicating  
20 vortexes, as your friend put it. You have a lot to offer, and  
21 I hope that you offer those services and talents for good and  
22 not for the sorts of things that landed you here.

23 Now, in that regard I do want to just say that if you  
24 do end up back in my courtroom for a violation of your  
25 probation, and I certainly hope and assume you will not, that

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1 having shown you some mercy today, I will not look kindly upon  
2 it and you will suffer consequences for it. So please don't  
3 put me in that position.

4 All right. I think there is one other count that  
5 needs to be dismissed. Is that correct?

6 MR. NAFTALIS: Yes, your Honor. I move to dismiss the  
7 open count.

8 THE COURT: That is Count 27 if I am not mistaken.  
9 That count is dismissed. Ms. Bloom, to the extent you have not  
10 given up your right to appeal through your plea and your  
11 agreement with the government in connection with that plea, you  
12 have the right to appeal. If you can't afford the costs of an  
13 appeal, you may apply for leave to appeal in forma pauperis.  
14 Any notice of appeal must be filed within 14 days of entry of  
15 the judgment of conviction.

16 Anything else, Mr. Naftalis?

17 MR. NAFTALIS: No, your Honor. Thank you.

18 THE COURT: Mr. Walden?

19 MR. WALDEN: Two brief things. You said she had to  
20 appear at Probation within 72 hours. May I ask you if that  
21 could be 72 hours after she returns to California, where we  
22 anticipate she will be serving her period of probation.

23 THE COURT: Any objection?

24 MR. NAFTALIS: No, your Honor.

25 THE COURT: That is fine. When is she returning to

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1 California?

2 MR. WALDEN: Thursday of next week, your Honor,.

3 THE COURT: Of next week?

4 MR. WALDEN: Thursday of next week.

5 THE COURT: So why don't I give her two days from  
6 today to appear at Probation.

7 MR. WALDEN: The second thing we can submit by written  
8 order. She would like to have her passport returned, if your  
9 Honor can order that?

10 THE COURT: Submit a letter, which I am happy to so  
11 order. I assume there is no objection?

12 MR. NAFTALIS: No objection.

13 THE COURT: That seems like the easiest way to do it.  
14 Ms. Bloom, I wish you luck. We are adjourned. Thank  
15 you.

16 (Court adjourned)